

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of;

PURCHASED GAS ADJUSTMENT)
FILING OF THE UNION LIGHT,) CASE NO. 8373-D
HEAT AND POWER COMPANY)

O R D E R

On April 16, 1982, the Commission issued its Order in Case No. 8373, approving certain rates and providing for adjustments of these rates on a quarterly basis in accordance with the provisions of the gas cost adjustment clause set forth therein,

On December 1, 1982, the Union Light, Heat and Power Company ("Union") filed its quarterly gas cost adjustment which is to become effective January 1, 1983, and is to remain in effect until April 1, 1983. This cost adjustment includes an increase and a refund from Union's supplier, Columbia Gas Transmission Corporation ("Transmission").

After reviewing the evidence of record and being advised, the Commission is of the opinion and finds that:

1. Union's notice of December 1, 1982, set out certain revisions in rates which Union proposed to place into effect, said rates being designed to pass on the wholesale increase in gas costs in the amount of \$4,865,101 or 3.65 cents per 100 cubic feet,

2. Union's notice set out refunds due its customers in the amount of \$244,091, to be refunded by applying a refund factor in the amount of \$0.08 per Mcf.

3. The Public Service Commission is being asked to authorize a pass-through of a price increase already approved by the Federal Energy Regulatory Commission ("FERC"). Failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to Union and would ultimately result in higher rates to its consumers. The Commission has (in writing) indicated its opposition to the procedures and regulations used by FERC since 1975 to approve these supplier increases.

We are also actively presenting our views to FERC and to our Kentucky Congressional delegation concerning revisions to the Natural Gas Policy Act of 1978, which allows gas suppliers to raise their gas prices without regard to costs. Because of Natural Gas Policy Act formulas allowing producers to so raise their prices and because of the action of FERC in allowing such increases to pass through to the transmission company and through it to the distributing company, in this case Union, this Commission has no real authority in the matter. Under federal law and actions, this Commission serves merely as the conduit for the final pass-through of the increased cost of gas to the consumers when, as here, the distributing utility makes no profit from the increased prices which it must pay for gas purchased from the transmission company.

4. Union's increase from Transmission is another one of those federally-mandated pass-throughs of higher gas prices in which upon the record this Commission has no discretion, Union will not realize even one cent of profit but simply will turn over to its supplier the increased amounts which it must collect from its consumers.

5. The proposed rates will allow Union to recover only the increased cost of wholesale gas and will not permit it to make any profit in doing so. The magnitude of this filing exposes Union to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

6. Union's adjustment in rates under the gas cost adjustment provisions approved by the Commission in its Order in Case No. 8373 dated April 16, 1982, is fair, just and reasonable, in the public interest and should be effective with bills rendered on and after January 1, 1983, subject to refund,

IT IS THEREFORE ORDERED that the rates in Appendix A be and they hereby are approved, effective for bills rendered on and after January 1, 1983, subject to refund.

IT IS FURTHER ORDERED that Union shall refund \$244,091 due its customers by applying a refund factor in the amount of \$0.08 per Mcf to its bills.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Union shall file with this Commission its revised tariff sheets setting out the rates authorized herein,

Done at Frankfort, Kentucky, this 21st day of December, 1982.

PUBLIC SERVICE COMMISSION

L. Ann Shuck
Chairman

Katherine Randall
Vice Chairman

Don L. Long
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8373-D DATED December
21, 1982.

The following rates and charges are prescribed for the customers in the area served by Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATE GS

GENERAL SERVICE

NET MONTHLY BILL

Computed in accordance with the following charges:

Customer Charge per month:

Residential Service	\$3.00
Non-Residential Service	4.00

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
All gas used	10.99¢	plus	50.21¢	equals	61.20¢ per 100 cu. ft.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with "Gas Cost Adjustment" set forth on Sheet No. 19 of this tariff.

RIDER R-ACS-1

SUMMER AIR CONDITIONING SERVICE

NET MONTHLY BILL

Computed in accordance with the following charges:

First 6,000 cubic feet at the applicable standard rate,
Rate GS, General Service

NET MONTHLY BILL (Cont'd)

All additional gas used will be billed at:

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
All gas used	6.83¢	plus	50.21¢	equals	57.04¢ per 100 cu. ft.

Plus or minus an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment" set forth on Sheet No. 19 of this tariff.

RIDER G-ACS-1

SUMMER AIR CONDITIONING SERVICE

NET MONTHLY BILL:

Computed in accordance with the following charges:

First 6,000 cubic feet of gas at the applicable rate,
Rate GS, General Service.

Next 10,000 cubic feet of gas per ton of installed
absorption type Summer Air Conditioning equipment at:

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
All gas used	6.83¢	plus	50.21¢	equals	57.04¢ per 100 cu. ft.

All additional cubic feet of gas at the standard applicable rate.

Plus or minus an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment" set forth on Sheet No. 19 of this tariff.

RATE F

Special Contract - Firm Use

NET MONTHLY BILL

Computed in accordance with the following charges:

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
All gas used	7.97¢	plus	50.21¢	equals	58.18¢ per 100 cu. ft.

Plus or minus an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment" set forth on Sheet No. 19 of this tariff.

RATE OP
OFF PEAK

NET MONTHLY BILL

Computed in accordance with the following charges:

- (1) Firm Use shall be billed in accordance with Rate GS,
General Service
- (2) Off Peak Gas (i.e., Gas in excess of Firm Use) shall be
billed in accordance with the following:

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
All consumption	4.68¢	plus	50.21¢	equals	54.89¢ per 100 cu. ft.,

Plus or minus an adjustment per Mcf determined in accordance with
the "Gas Cost Adjustment" set forth on Sheet No. 19 of this tariff.